

DATE: June 19, 2014

FILE: 5360-04

TO: Chair and Directors
Comox Valley Regional District (Comox Strathcona waste management) board

FROM: Debra Oakman, CMA
Chief Administrative Officer

RE: Campbell River Closure Project – Phase 1 overrun

Purpose

To seek approval for an amendment to the financial plan to provide funding to complete phase 1 of the Campbell River closure project in 2014 as originally scheduled.

Policy analysis

The Comox Strathcona waste management (CSWM) service area covers the Comox Valley Regional District (CVRD) and Strathcona Regional District geographical areas; and is operated by the CVRD under letters patent. The service was established under Bylaw No. 1822 being the “Regional Solid Waste Plan Local Service Area Establishment Bylaw, 1996” to establish and operate a local service for the collection, removal and disposal of municipal solid waste. Fees and charges for this service are provided for under Bylaw No. 170 being the “Solid Waste Fees and Charges Bylaw No. 170, 2011”, so that annual costs may be recovered.

The solid waste board adopted the CSWM regional solid waste service financial planning policy (policy reference 1700-00) on November 3, 2011.

Bylaw No. 326, being the “Comox Valley Regional District 2014 to 2018 Financial Plan and Capital Expenditure Program Bylaw No. 326” sets the 2014-2018 financial plan. Any changes to plan spending require a budget amendment.

Executive summary

The major construction portion of the Campbell River closure project began in the spring of 2014 with the award of a construction contract to Jacob Brothers Construction in the amount of \$3,170,000. The closure project consists mainly of the construction of a large retaining wall along the east side of the existing landfill. The wall will stabilize the east side of the landfill, which was previously constructed at too steep of a slope, and will provide additional landfill capacity on the backside of the new wall.

The Campbell River closure project is included in the approved 2014-2018 CSWM financial plan and is budgeted at \$3,898,677 in 2014. The project is fully funded from the CSWM closure reserve fund.

A recent review of current project commitments plus future expected expenditures show that the Campbell River closure project will require additional funding in order to be completed in 2014 as originally scheduled. The following table shows that the project is estimated to require an additional \$750,000 in order to be completed.

2014 budget	\$3,898,677
2014 actual cost to date	(\$299,282)
2014 outstanding commitments	(\$3,843,497)
2014 additional costs	(\$496,000)
Capital budget shortfall	(\$740,102)

The key components of the additional funds required are as follows:

1. The Jacob Brothers contract did not have any construction contingency included. Some construction contingency is required in order to fund unforeseen (unknown) costs that the contractor will incur in the completion of the work. A construction contingency of seven per cent or \$221,000 has been allocated.
2. The cost of back filling behind the wall was not included in the original project cost. This has been estimated (based on a volumetric calculation, with contingency) at \$200,000.
3. SCS engineering and oversight is more costly than anticipated – approx. \$60,000
4. The remaining amount is a combination of several smaller project components.

The attached Appendix A provides further detailed costs.

The Campbell River closure project is currently progressing with all major contracts awarded. Adjusting the scope of these works at this time could result in cost savings in 2014, however overall project costs will be higher due to contractor claims related to demobilizing and remobilizing the crews and equipment in the future.

It is recommended that additional funding be allocated by utilizing (\$250,000) from the planned 2014 excavator purchase and utilizing (\$500,000) from the closure reserve fund. This will impact 2015 funding by likely requiring an increase in new debt at that time. Details of these impacts will be provided during fall budget discussions.

Recommendations from the chief administrative officer:

THAT the 2014 Comox Strathcona waste management service financial plan be amended by deferring the \$250,000 excavator purchase until 2015 and increasing the Campbell River landfill closure project by \$750,000, to be funded by an increase in the transfer from the closure reserves of \$500,000 and \$250,000 from the capital works reserve.

AND FURTHER THAT the 2015 Comox Strathcona waste management service financial plan capital funding be amended by increasing the new debt and reducing the reserve funding by \$500,000.

Respectfully:

D. Oakman

Debra Oakman, CMA
Chief Administrative Officer

Prepared by:

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Attachment: Appendix A – “Campbell River closure project expense table”

APPENDIX A

				Prior Years		Total exp to		O/S
Campbell River Closure				Expense	2014	date	Commitment	Commitment
AECOM	RFP preparation & proposal review	PO 3487	2012	15,192.26	-	15,192.26	24,497	-
Berry & Vale	CR waste relocation closure prepr	RD-13-077	2013	102,534.92	168,811.58	271,346.50	300,864	29,517.50
Berry & Vale	Embankment Excavation	RD-14-028	2014	-	36,622.50	36,622.50	275,625	239,002.50
Berry & Vale	CR land clearing (gravel extraction)	PO 4166	2014		13,905.00	13,905.00	36,648	22,742.50
Drillwell Enterprises	CR closure of vapour/monitoring wells	PO 4237	2014		1,962.00	1,962.00	3,986	2,024.00
Jacob Brothers Construction	CR Phase 1 closure	new	2014		-	-	3,170,000	3,170,000.00
Lewkowich Engineering	CR geotech evaluation svcs	PO 3927	2013		7,054.52	7,054.52	6,617	-
McElhanney	Project Mgmt partial closure	PO 3820/3883	2012	113,832.96		113,832.96	35,000	-
SCS Engineers	Attend Board meeting	PO 3945	2013	3,130.56		3,130.56	3,400	-
SCS Engineers (to Mar 31 inv)	Comprehensive engineering services	RD-12-023	2012/2013	600,160.04	50,680.40	650,840.44	640,050	2,251.00
SCS Engineers (to Mar 31 inv)	Construction Management	RD-14-023	2014	23,599.45	6,006.20	29,605.65	407,565	377,959.35
				858,450	285,042	1,143,492	4,904,252	3,843,497

Other Costs to date

109,540 14,240 123,779

-

967,990 299,282 1,267,272

Note 1 - commitment is before taxes & disbursements**Additional Costs not included above**

Jacob Bros(contract contingency)	221,000.00
Jacob Bros (waste fill behind wall)	200,000.00
SCS Contingency	60,000.00
Other (mainly Highland)	15,000.00

496,000.00

2014 budget	3,898,677.00
less 2014 cost to date	(299,282)
less current commitments	(3,843,497)
Less additional costs	(496,000)
Capital budget shortfall	(740,101.63)